



## Montana E-File 2003 Test Packet

### Montana Test 9

Based on Federal Test 18

**Forms:** Form 2, Form 2a (itemized deductions)

**Return Status:** Tax Due

**Name and SSN:** Islander, Test T 400-00-6824 (primary)

**Address:** 361 N. Last Chance Gulch  
Helena, MT 59601

**Filing Status:** (6) Head of Household

**Residency:** Full year Resident

**Exemptions:** Total (2) - 1 regular 1 dependent (primary)

**Deduction:** Itemized

**Documents:** W-2 use 'MT' for the state  
W2G from Gulf Cruise Box 1 \$200,000  
Form 1099-R

**Other:** \$1,500 Farm Risk Management Account, line 26  
\$1,000 Health Care Professional Loan Payment, Line 34  
Extension box checked

**Direct Debit of Tax Due**  
**RTN# 024567891**  
**ACCT# ABC 123 4567890**  
**Account Type: Savings**  
**Amount \$19,660.00**  
**Date: 4/15/2004**

# 2003 Montana Individual Income Tax Return Form 2

03

or Fiscal year beginning \_\_\_\_\_, 2003 and ending \_\_\_\_\_, 2004.

Last Name <b>Islander</b>	First Name and Middle Initial <b>Test T</b>	<input type="checkbox"/> <b>Deceased</b> <input type="checkbox"/>	Social Security No. <b>400-00-6824</b>
Spouse's Last Name if Different	Spouse's First Name and Middle Initial		Spouse's Social Security No.

Mailing Address <b>361 N. Last Chance Gulch</b>	City <b>Helena</b>	State <b>MT</b>	Zip Code+4 <b>59601</b>
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Filing Status Check One	<input type="checkbox"/> 1. Single	<input type="checkbox"/> 2. Married filing joint return	<input type="checkbox"/> 3. Married and both filing separate returns on this form	<input type="checkbox"/> 4. Married and both filing separate returns on separate forms	<input type="checkbox"/> 5. Married filing separate return and spouse is not filing	<input checked="" type="checkbox"/> 6. Head of Household (see instructions)
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Residency Check One	<input checked="" type="checkbox"/> 1. Resident Full Year	<input type="checkbox"/> 2. Nonresident Full Year	<input type="checkbox"/> 3. Resident Part Year	Give date of change month _____ year _____	State moved to:	State moved from:
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Exemptions			Column A (for single joint, separate, or head of household)	Column B (for spouse only when filing separate, and box 3 is checked)															
1. Yourself	Regular <input checked="" type="checkbox"/>	65 or Over <input type="checkbox"/>	<input type="checkbox"/> 1.	<input type="checkbox"/> 1.															
2. Spouse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 2.	<input type="checkbox"/> 2.															
3. Dependents	<table border="1"> <thead> <tr> <th>Dependent's Full Name</th> <th>Dependent's Social Security Number</th> <th>Relationship</th> </tr> </thead> <tbody> <tr> <td><b>Michael</b></td> <td><b>400 55 3018</b></td> <td><b>son</b></td> </tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table>		Dependent's Full Name	Dependent's Social Security Number	Relationship	<b>Michael</b>	<b>400 55 3018</b>	<b>son</b>										<input type="checkbox"/> 3.	<input type="checkbox"/> 3.
Dependent's Full Name	Dependent's Social Security Number	Relationship																	
<b>Michael</b>	<b>400 55 3018</b>	<b>son</b>																	
4. Handicapped Dependent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 4.	<input type="checkbox"/> 4.															
5. Add lines 1, 2, 3 and 4 (if additional dependents, see instructions).....			<b>2</b> 5.	<input type="checkbox"/> 5.															

## Enter amounts reported on federal return

INCOME REPORTED FROM FEDERAL RETURN		Round to nearest dollar if no entry leave blank			
6. Wages, salaries, tips, etc. .... Attach copies of W-2(s) from all states	6.	<b>28,900</b>	6.		
7. Taxable interest income .... Attach Federal Schedule if over \$1,500	7.		7.		
8. Dividend income .... Attach Federal Schedule if over \$1,500	8.		8.		
9. Net business income (loss) .... Attach Federal Schedule C or C-EZ	9.		9.		
10. Capital gain (or loss) .... Attach Federal Schedule D	10.		10.		
11. Supplemental gains (or losses) .... Attach Federal Form 4797	11.		11.		
12. Rents, royalties, partnerships, estates, trusts, etc. .... Attach Federal Schedule E and Form 8582 and all K-1's	12.		12.		
13. Total IRA distributions a. <table border="1"><tr><td> </td><td> </td></tr></table> 13b. Taxable amount			13b.		13b.
14. Total pensions and annuities a. <b>3,000</b> 14b. Taxable amount	14b.	<b>3,000</b>	14b.		
15. Social security benefits a. <table border="1"><tr><td> </td><td> </td></tr></table> 15b. Taxable amount			15b.		15b.
16. Net farm income (Loss) .... Attach Federal Schedule F	16.		16.		
17. Other income: State refund _____ alimony _____ unemployment _____ other (specify) _____	17.	<b>200,000</b>	17.		
18. Total of lines 6 thru 17 ..... <b>Total</b> ➡	18.	<b>231,900</b>	18.		
19. Adjustments to income. Educator expenses _____ IRA deduction _____ Student loan interest _____ Tuition and fees _____ 1/2 SE Tax _____ Moving Expenses(Attach Form 3903) _____ SE Health _____ SE SEP, SIMPLE _____ Penalty on early withdrawal of savings _____ Alimony paid _____ Other _____	19.		19.		
20. Federal adjusted gross income (subtract line 19 from line 18) ..... ➡	20.	<b>231,900</b>	20.		

**Note: Line 20 must match your federal adjusted gross income**

ADDITIONS			
21. Interest and dividends on state, county, or municipal bonds (Non-Montana) .....	21.		21.
22. Federal income tax refunds/overpayment (see page 3, line 22 on instructions) .....	22.		22.
23. Other additions, (see page 3, line 23 of instructions) Specify _____	23.		23.
24. Total additions to income (add lines 21 thru 23) ..... <b>Total</b> ➡	24.	<b>0</b>	24.
25. Add lines 20 and 24, enter result ..... ➡	25.	<b>231,900</b>	25.

REDUCTIONS			
26. Farm Risk Management Account ..... Attach Form FRM	26.	<b>1,500</b>	26.
27. Interest exclusion for elderly .....	27.		27.
28. Interest exclusion for savings bonds, etc. Specify _____	28.		28.
29. Exempt pension & annuity income, (not soc. sec./disability) Attach Worksheet IV, Page 13	29.		29.
30. Unemployment .....	30.		30.
31. Medical Care Savings Account ..... Attach Form MSA	31.		31.
32. Family Education Savings Account (Attach name and social security number(s) of beneficiary)	32.		32.
33. First Time Home Buyers Account ..... Attach Form FTB	33.		33.
34. <b>NEW</b> Health care professional loan payment exclusion .....	34.	<b>1,000</b>	34.
35. Other reductions (see page 5, line 35 of instructions). Specify _____	35.		35.
36. Total reductions to income (add lines 26 thru 35)..... <b>Total</b> ➡	36.	<b>2,500</b>	36.
37. Subtract line 36 from line 25. Enter here and on line 38, page 2.....	37.	<b>229,400</b>	37.

MT test #9  
Fed. test #18

ATTACH WITHHOLDING STATEMENTS HERE

Form 2 Page 2 - 2003 Social Security Number 400 / 00 / 6824

Column A (for single joint, separate, or head of household) Column B (for spouse only when filing separate, and box 3 is checked)

38. Montana adjusted gross income (From line 37) 229,400

Deductions Check only one

39. (A) Standard deduction: (A) 8,523 (B) Itemized deductions: (B) 220,877

40. Subtract line 39 from 38 and enter balance 220,877

Exemptions (All filers are entitled to at least one exemption)

41. Multiply \$1,780 times the number of exemptions on line 5 3,560

42. Taxable income. Subtract line 41 from line 40 217,317

Nonresidents and Part-Year Residents complete and attach Schedules III and IV Form 2A, before proceeding

43. Tax from table below. Non/part year residents enter the amount from line 131, Form 2A, Schedule IV. If line 42 is less than zero, enter zero here. 21,683

44. Tax on lump sum distributions (see instructions for this line). Attach Federal Form 4972 21,683

45. Subtotal—Add lines 43 and 44. Subtotal 21,683

46. Credits from Form 2A, line 113, Schedule II 21,683

47. Balance—Subtract line 46 from 45 and enter difference (but not less than zero). 21,683

48. Recapture investment credit Attach Form RIC.

49. Recapture tax and withdrawal penalties (specify)

50. For each of the programs below enter any amount you and your spouse want to contribute. Enter totals in boxes (see instructions for details).

51. Nongame Wildlife Program 52. Child Abuse Prevention 53. Agriculture in Schools

54. Total Tax—Add lines 47, 48, 49 and 50. Total 21,683

55. Combine amounts shown on line 54 columns A and B. 21,683

56. Montana tax withheld. Attach withholding statements 2,023

57. Payments of 2003 estimated tax and amounts credited from previous year

58. Payment made with extension

59. Elderly Homeowner/ Renter Credit Attach Form 2EC

60. Total of lines 56 thru 59. Total 2,023

61. Combine amounts shown on line 60 columns A and B. 2,023

62. If line 61 is larger than line 55 enter the difference. This is your overpayment.

63. Amount on line 62 to be applied to 2004 estimate

64. Enter the amount from line 62 you want refunded to you (refunds more than \$1.00 will be issued) Refund Returns: Mail to Dept. of Revenue, PO Box 6577, Helena, MT 59604-6577. If you wish to use direct deposit enter your RTN# and ACCT# below. See instructions on page 6.

RTN# ACCT#

65. If line 55 is larger than line 61 enter tax due (If you owe see instructions for this line) Tax Due 19,660

Check this box if at least 2/3 of your gross income is from farming. (attach breakdown of computations)

Check here if estimated payments were made using the annualization method. (Attach Montana Form EST-P)

Check here if you do not need state income tax forms and instructions mailed to you next year. Tax forms are also available on the internet.

Underpayment penalty See Worksheet VII, Schedule W...

Late filing penalty—See page 2...

Late payment penalty—See page 2.

Interest 1% (.01) per month...

Total of lines 65 through 69...

Extension - Check this box and attach copies of federal extension(s) to receive a valid Montana extension. See Page 2 of instructions for details.

Name, address and telephone number of preparer

May the DOR discuss this return with the preparer shown above? yes no

Questions? Please call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.

Your signature is required Date Daytime telephone number Spouse signature Date

I declare under penalty of false swearing that the information in this return and attachments is true, correct and complete.

If you electronically file, keep this form for your records (do not send to the Department of Revenue).

Tax Table

If Taxable Income is:

Over	But not over	Multiply by	and Subtract = Tax
\$ 0	\$ 2,200	X ... 2 %	\$ 0
\$ 2,200	\$ 4,400	X ... 3 %	\$ 22
\$ 4,400	\$ 8,900	X ... 4 %	\$ 66
\$ 8,900	\$ 13,300	X ... 5 %	\$ 155
\$ 13,300	\$ 17,800	X ... 6 %	\$ 288

If Taxable Income is:

Over	But not over	Multiply by	and Subtract = Tax
\$ 17,800	\$ 22,200	X ... 7 %	\$ 466
\$ 22,200	\$ 31,100	X ... 8 %	\$ 688
\$ 31,100	\$ 44,500	X ... 9 %	\$ 999
\$ 44,500	\$ 77,800	X ... 10 %	\$ 1,444
\$ 77,800		X ... 11 %	\$ 2,222

Example = taxable income \$2,400 x 3% (.03) = \$72 subtract \$22 = \$50 tax

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## Form 2A

MONTANA

Last Name and Initial

Social Security Number

## Schedule I — Itemized Deductions

Medical & Dental  
ExpensesTaxes You  
PaidInterest You  
Paid

Other

Miscellaneous  
DeductionsTotal  
Deductions

71. Medical insurance premiums not deducted on lines 19, 35 or 75..... 71.  
Do not include pre-tax payroll deductions or employer paid premiums.

4,200

71.

72. Medical expenses. See instructions..... 72.  
73. Enter 7.5% (.075) of line 38, Form 2..... 73.  
74. Subtract line 73 from line 72. If less than zero, enter zero.  
Deductible medical and dental expenses..... 74.  
75. Long term care insurance..... 75.

Column A	Column B
17,205	

Round to nearest dollar

Federal Income Tax (Amounts attributable to self employment tax are not deductible).

76a. 2003 federal tax withheld from wages, pensions and annuities. Attach W-2's and 1099's..... 76a.  
b. Federal estimated tax payments made in 2003. Attach copies of pages 1 and 2 of federal tax return (Form 1040 or 1040A)..... 76b.  
77. Balance of 2002 tax paid in 2003..... 77.  
78. Additional federal tax for year(s) paid in 2003 78.  
79. **NEW** Less 2003 federal advance child credit.... 79.

Column A	Column B
3,500	
400	

80. Total 2003 federal tax deduction - add lines 76a, 76b, 77, and 78, then subtract line 79. Cannot be less than zero..... 80.  
81. Real estate personal property taxes..... 81.  
82. Motor vehicle(s) taxes, other deductible taxes..... 82.  
83. Home mortgage interest..... Deductible points.....  
If paid to the person from whom you bought the home, please provide person's name, address and social security #.....

3,100

80.

900

81.

84. Deductible investment interest .....Attach Federal Form 4952 84.  
85. Contributions ..... 85.  
86. Child and dependent care expense ...Attach Montana Form 2441M 86.  
87. Casualty and theft losses.....Attach Federal Form 4684 87.

2,500

83.

88. Unreimbursed employee business expense  
Attach Federal Form 2106..... 88.  
89. Other expenses (list type and amount)..... 89.  
90. Add lines 88 and 89..... 90.  
91. Enter 2% (.02) of line 38 Form 2..... 91.

Column A	Column B
4,588	

92. Subtract line 91 from 90. If less than zero, enter zero..... 92.  
93. Misc. deduction not subject to 2% A.G.I. (list type and amount)..... 93.

520

94.

94. Gambling losses (as allowed by federal law)..... 94.  
95a. Add lines 71, 74, 75, 80-87, 92-94. Enter result here.....**Total** 95a.

11,220

95a.

If the amount on Form 2, line 38 is more than \$139,500 (more than \$69,750 if you are married filing separately) continue to line 95b, otherwise transfer the amount on line 95a to line 39 of Form 2.

95b. Enter the amount from line 9 of the Itemized Deduction Worksheet VI on page 14. This is the amount of your unallowable itemized deductions..... 95b.

2,697

95b.

96. Subtract line 95b from line 95a. This is the amount of your allowable itemized deductions. Enter here and on line 39 of Form 2.....**Total** 96.

8,523

96.

**Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).**

## 2003 Individual Income Tax Worksheets



### Worksheet VI - Itemized Deduction Worksheet

	Column A	Column B
1. Enter the amount from Form 2A, line 95a (Total itemized deductions). . . . .	11,220	
2. Add the amounts on Form 2A, lines 71, 74, 75, 80, 84, 86, 87, and 94. . . . .	7,820	
3. Subtract line 2 from line 1. If the result is zero, enter the amount from line 1 above on Form 2, line 39. <u>Stop Here.</u> You do not need to complete this worksheet. . . . .	3,400	
4. Multiply amount on line 3 above by 80% (.80). . . . .	2,720	
5. Enter the amount from Form 2, line 38. . . . .	229,400	
6. Enter \$139,500 (\$69,750 if married filing separately, even if filing on the same form) . . . . .	139,500	
7. Subtract line 6 from line 5. (If the result is zero or less, enter the amount from line 1 above on Form 2, line 39. <u>Stop Here.</u> You do not need to complete this worksheet. . . . .	89,900	
8. Multiply line 7 by 3% (.03). . . . .	2,697	
9. Compare the amounts on lines 4 and 8 above. Enter the <u>smaller</u> of the two amounts here and on Form 2A, line 95b. . . . .	2,697	

### Worksheet VII - Calculation of Underpayment Penalty for Failure to Make Estimated Payments

#### Underpayment Penalty of Estimated Tax

In 2003 you must have paid through estimated installments or a combination of withholding and estimated installments the smaller of 1) 90% of your current year's tax liability after credits, or 2) an amount equal to 100% of your previous year's total tax liability. Payments made with extensions are not considered estimated payments. If you do not meet this requirement, you may be subject to an underpayment penalty.

You may use the short method to figure your penalty only if

- you made no estimated tax payments (or your only payments were Montana withholding), or
- you paid estimated tax in four equal amounts by the due dates.

If you cannot use the short method call the department at (406) 444-6900 to request an underpayment penalty form (EST-P).

A taxpayer who derives at least 2/3 of gross income from farming or ranching is not subject to estimated tax. Montana law does not provide for a "lookback" to the previous year when determining if a taxpayer is a qualifying farmer or rancher.

#### Short Method

1. Enter your 2003 tax from line 55 on Form 2 or line 31 on Form 2S (total liability if married filing separately on the same form). \_\_\_\_\_
2. Enter 90% of line 1 above. \_\_\_\_\_
3. Enter your total withholding from line 56, amount credited from prior year's tax included in line 57, and the elderly homeowner/renter credit from line 59 on Form 2 or line 34 on Form 2S. (If married filing separately enter the total payments). \_\_\_\_\_

4. Subtract line 3 from line 1. If the result is \$500 or less, do not complete the rest of the form. You do not owe the underpayment penalty. \_\_\_\_\_
5. Enter your 2002 tax (line 53 of 2002 Form 2 or line 31 on 2002 Form 2S). If married filing separately enter the total tax. \_\_\_\_\_
6. Enter the smaller of line 2 or line 5. \_\_\_\_\_
7. Enter the amount from line 3 plus any estimated payments included in line 57. \_\_\_\_\_
8. Total underpayment for the year. Subtract line 7 from line 6. If zero or less, stop here. You do not owe the underpayment penalty. \_\_\_\_\_
9. Multiply line 8 by .07980 and enter the result. \_\_\_\_\_
10. If the amount on line 8 was paid on or after April 15, 2004, enter zero. If the amount on line 8 was paid before April 15, 2004, multiply amount on line 8 x number of days paid before April 15, 2004 x .0003288. \_\_\_\_\_
11. Underpayment interest penalty. Subtract line 10 from line 9. Enter the results here and on line 66 of Form 2 or line 37 of Form 2S or on line 51 of Form FID-3. **Total Due:** \_\_\_\_\_

**Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).**